

## News Release

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**Using the Composite Indexes:** *The Leading Economic Index (LEI) provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term. The Coincident Economic Index (CEI) provides an indication of the current state of the economy. Additional details are below.*

### **The Conference Board Leading Economic Index® (LEI) for Australia Inched Down in June**

**The Conference Board Leading Economic Index® (LEI)** for Australia ticked down by 0.1 percent in June 2024 to 113.8 (2016=100), a partial reversal of an increase of 0.3 percent in May. Overall, the LEI fell by 1.1 percent over the first half of 2024, a faster rate of contraction than the 0.7 percent decline over the second half of last year.

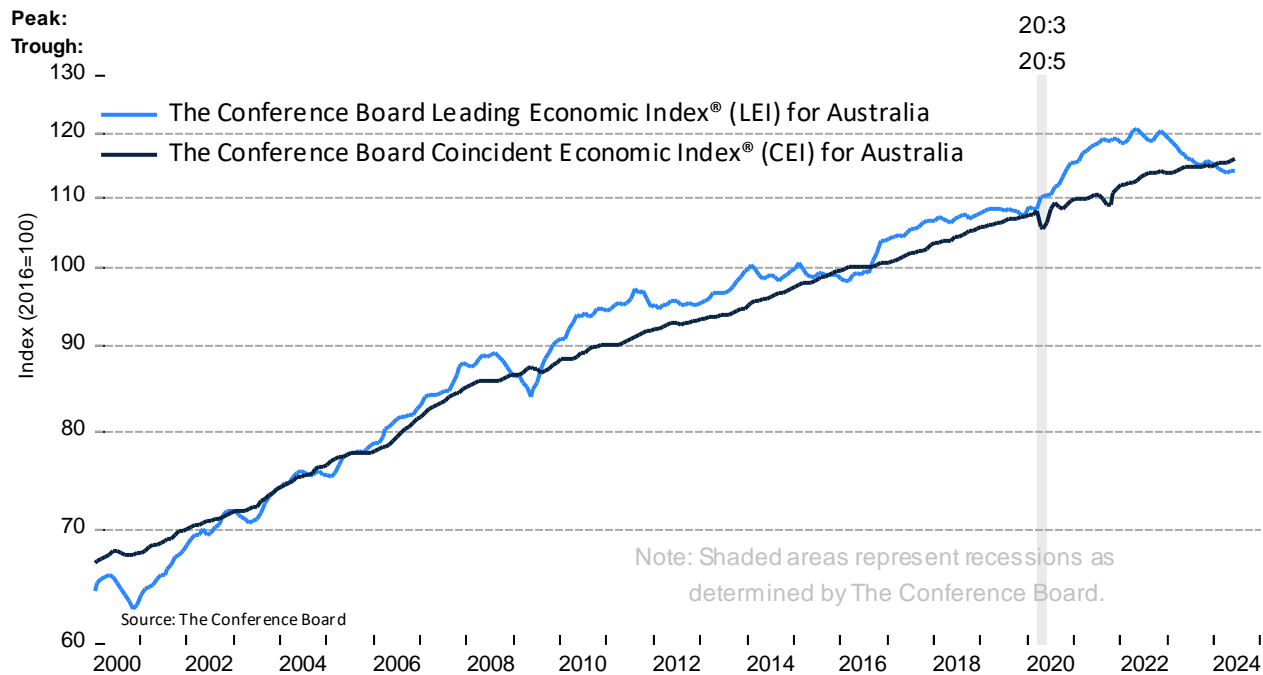
**The Conference Board Coincident Economic Index® (CEI)** for Australia increased by 0.3 percent in June 2024 to 115.8 (2016=100), after an upwardly revised 0.2 percent increase in May. Overall, the CEI grew by 1.0 percent over the first half of 2024, much faster than the 0.1 percent increase over the second half of 2023.

“The LEI for Australia inched down in June,” said **Ian Hu, Economic Research Associate at The Conference Board.**

“Negative contributions, especially from building approvals and the money supply, narrowly offset the positive contributions from rural goods exports, which improved for the first time since January, gross operating surplus, and share prices. Despite the slight downtick, the six-month and annual changes to the LEI were a bit less negative than in the previous two months. Overall, the Index trajectory suggests that downward pressures on economic growth persist but may ease going forward. The Conference Board currently forecasts Australia’s annual real GDP growth to be at 1.3 percent in 2024.”

**The next release is scheduled for Tuesday, September 17, 2024, at 10:30 A.M. ET.**

The Australia LEI declined slightly in June



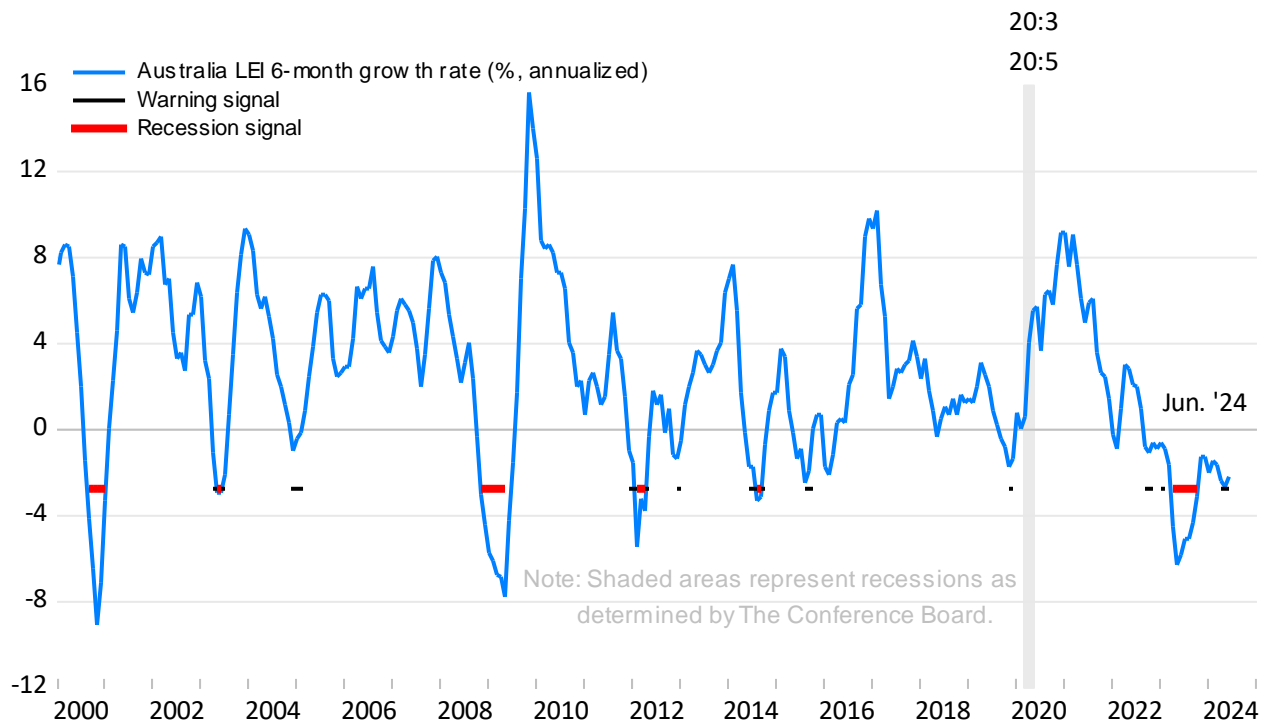
Australia LEI's components were mixed and almost balanced each other

The Conference Board Leading Economic Index® and Component Contributions (Percent)

	Jun. '24	6 mo. ending Jun. '24
Financial Components		
Yield Spread, 10Y - Policy Rate	-0.01	-0.11
Share Prices, All Ordinaries S&P/ASX 200	0.04	0.10
Money Supply, M3	-0.06	0.01
Non-Financial Components		
Gross Operating Surplus, Private Non-Financial Corp. (Q)**	0.06	0.06
Non-farm Sector, Sale to Inventories Ratio (Q)**	0.00	-0.22
Rural Goods Exports	0.15	-0.04
Building Approvals	-0.14	-0.08

Source: The Conference Board \* Inverted series; a negative change in this component makes a positive contribution.  
\*\* Statistical Imputation. -- Q: Quarterly series; these series are converted to a monthly series through a linear interpolation.  
LEI change might not equal sum of its contributions due to application of trend adjustment factor

## The LEI's six-month growth rate improved slightly, avoiding a recession risk signal in June



**NOTE:** The chart illustrates the so-called **3Ds**—**duration, depth, and diffusion**—for interpreting a downward movement in the LEI. **Duration** refers to how long the decline has lasted. **Depth** denotes the size of decline. Duration and depth are measured by the rate of change of the index over the most recent six months. **Diffusion** is a measure of how widespread the decline is among the LEI's component indicators—on a scale of 0 to 100, a six-month **diffusion index** reading below 50 indicates most components are weakening.

The **3Ds rule** signals an impending recession when: 1) the six-month diffusion index lies below 50, shown by the black warning signal lines in the chart; and 2) the LEI's six-month rate of decline falls below the threshold of -2.9 percent. The **red recession signal lines** indicate months when both criteria are met simultaneously—and thus that a recession is likely imminent or underway.

### About The Conference Board *Leading Economic Index*® (LEI) and *Coincident Economic Index*® (CEI) for Australia

The composite economic indexes are key elements in an analytic system designed to signal peaks and troughs in the business cycle. Comprised of multiple independent indicators, the indexes are constructed to summarize and reveal common turning points in the economy in a clearer and more convincing manner than any individual component.

The CEI reflects current economic conditions and is highly correlated with real GDP. The LEI is a predictive tool that anticipates—or “leads”—turning points in the business cycle by around seven months.

The seven components of **Leading Economic Index**® for Australia are:

- Yield Spread, 10Y – Policy Rate
- Share Prices, All Ordinaries S&P/ASX 200
- Money Supply, M3
- Building Approvals
- Rural Goods Exports
- Non-Farm Sector, Sale to Inventories Ratio
- Gross Operating Surplus, Private Non-Financial Corp.

The four components of the **Coincident Economic Index**® for Australia are:

- Employment
- Household Income
- Industrial Production
- Retail Trade

To access data, please visit: <https://data-central.conference-board.org/>

**About The Conference Board**

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